



Office of Audit

**Treasury
Inspector
General for Tax
Administration**



Recovery Act

PROCUREMENTS WERE NOT PROCESSED IN COMPLIANCE WITH THE AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009

Issued on September 30, 2011

Highlights

Highlights of Report Number: 2011-11-132 to the Internal Revenue Service Chief, Agency-Wide Shared Services.

IMPACT ON TAXPAYERS

The Internal Revenue Service (IRS) received an appropriation of \$203 million in American Recovery and Reinvestment Act of 2009 (Recovery Act) funds. However, the IRS did not always comply with the Recovery Act and its implementing guidance in planning and awarding Recovery Act funded procurements. When Recovery Act procurements do not comply with the various transparency and accountability requirements, the reliability of Recovery Act spending information is impaired, and taxpayers will not have the ability to see how Recovery Act funds were used by the IRS.

WHY TIGTA DID THE AUDIT

This audit was initiated because the Recovery Act created specific guidelines and requirements for all procurements funded by the Recovery Act to ensure that Federal agencies effectively manage these procurement activities. The overall objective of this review was to determine whether the IRS has complied with the Recovery Act and its implementing guidance in planning and awarding Recovery Act funded procurements.

WHAT TIGTA FOUND

TIGTA found that the IRS did not always comply with the Recovery Act and its implementing guidance in planning and awarding Recovery Act funded procurements. TIGTA identified three procurements totaling approximately \$58,000 that were not timely reported to the Department of the Treasury or the Office of Management and Budget, and were awarded without meeting Recovery Act procurement requirements. This oversight occurred because IRS program offices did not notify Procurement Policy of these planned Recovery Act procurements in accordance with IRS guidance. In addition, TIGTA determined that the IRS Office of

Procurement Policy did not take immediate corrective action once these unreported procurements were discovered. We reviewed all 19 awarded Recovery Act procurements that were properly reported and determined that only one procurement action met all Recovery Act planning and award requirements.

Due to the limited time remaining for awarding Recovery Act procurements, TIGTA is not making a recommendation to address the control weaknesses identified in this audit. However, TIGTA believes the IRS should document lessons learned from the implementation of the Recovery Act requirements.

WHAT TIGTA RECOMMENDED

TIGTA recommended that the Director of Procurement evaluate the control weaknesses and noncompliance issues identified during the audit and document any lessons learned which could be used as a reference for future legislation that may include special requirements for procurements, including tracking and reporting requirements and management control reviews.

IRS officials agreed with our recommendations and stated that the Office of Procurement plans to work with its operating divisions to document any lessons learned, including an assessment on Recovery Act reporting and a discussion on ways to improve the process. Going forward, the Office of Procurement also plans to ensure that all procurement managers are briefed on new legislation, including any special requirements for planning, awarding, tracking, and reporting procurements.

READ THE FULL REPORT

To view the report, including the scope, methodology, and full IRS response, go to:

<http://www.treas.gov/tigta/auditreports/2011reports/201111132fr.pdf>

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